

MOTION BY SUPERVISOR MICHAEL D. ANTONOVICH

JUNE 22, 2010

BUILD AMERICA BONDS

Build America Bonds are part of the federal stimulus initiatives developed to encourage construction projects and create jobs. The interest costs of these taxable municipal bonds are subsidized by the Federal government.

Approximately \$97 billion in bonds have been sold since the program's inception in April 2009. While the overall costs to local governments may be reduced, early indicators for the program show that the cost of issuing these bonds may be more expensive than traditional municipal bonds in the long term.

Last month, the Internal Revenue Service stated it would audit up to half of all the bond issues to ensure that municipal borrowers were following the guidelines for this popular program.

In order to ensure that County taxpayers will not be burdened with any hidden costs, there needs to be an analysis of any ongoing impacts or potential financial liabilities of these programs to the County's budget.

I, THEREFORE, MOVE that the Board of Supervisors direct the County's Chief Executive Officer to investigate whether the Build America Bonds contain any hidden or unforeseen costs, and report back to the Board in 30 days.

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